Cambridge International A Level

Cambridge International Examinations
Cambridge International Advanced Level

LAW **9084/31**

Paper 3 Law of Contract **May/June 2014**

1 hour 30 minutes

Additional Materials: Answer Booklet/Paper

4146864125

READ THESE INSTRUCTIONS FIRST

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.
Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
Do not use staples, paper clips, glue or correction fluid.

Answer **one** question from **Section A**, **one** from **Section B** and **one other**, thus making a total of **three** responses required.

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

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Answer **three** questions, at least **one** of which must be from Section A and **one** from Section B.

Section A

1 Where an offer suggests that legal relations are not intended, the presumption that parties to commercial agreements intend to create legal relations may be rebutted.

Critically assess the truth of this view. [25]

2 It is common for oral negotiations to precede the formation of a contract.

Analyse the principles used by the courts to determine whether or not an oral statement has become a term of the contract formed. [25]

3 Claimants can generally choose to base a claim for damages on expectation loss or on reliance loss.

With reference to decided case law, discuss the extent to which this choice may be restricted. [25]

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Section B

4 Cathy leaves home the day after her 17th birthday and travels to London. She finds herself a room in which to live and a job in a bookshop. Having been in London for three months, she is now very unhappy.

Although the room is cheap to rent, it is very small and in a poor state of repair. She has signed a three-year lease for it, but she would like to find somewhere else to live as soon as possible.

Additionally, although she is being given training by her employer, she dislikes the work and is desperate to leave the job. The employment contract requires her to give four weeks' notice.

Advise Cathy of her legal liability for the two contracts that she has made. [25]

5 Denzil drives his prized Cadillac convertible car on a shopping trip to the Astra grocery shop. Whilst he is shopping, his car is stolen from the car park.

He places the following advertisement in the local newspaper:

> **£1500 REWARD**
>
> for information leading to the recovery of Cadillac convertible stolen from Astra car park on 1 April.
>
> **Reward to be claimed by post by 1 May.**
>
> Claims to: 5 New Street, Newtown

Eddie, an off-duty policeman, sees the Cadillac convertible in a ditch by the side of the road along which he runs every morning. He is unaware that a reward has been advertised until told about it by his girlfriend, who read about the reward in the newspaper earlier in the day.

Eddie writes a letter to claim the reward. He posts it on 30 April and it arrives at Denzil's address on 2 May. Denzil refuses to honour the reward as promised.

Advise Eddie whether he has a contractual right to the reward from Denzil. [25]

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6 Houseproud Products (HP) places an order with Imperial Cleaning Supplies (ICS) for 500 cases of furniture polish. The order acknowledgement received from ICS states that the supplier accepts no liability for breach of any contractual term whether express or implied. ICS ships the order to HP and the order is accepted into stock at HP's warehouse. Ultimately it is delivered to HP's shops for sale to members of the public.

Jasmine visits an HP shop and buys some of the polish supplied by ICS. As she pays for the polish, the shopkeeper tells her that the shop cannot be held responsible for the product if customers do not wear household gloves when using it. Jasmine suffers severe skin irritation from using the product without wearing gloves. HP denies responsibility.

Cleaners working for HP use the same product when cleaning the company's offices. After several weeks, the surfaces of all the desks in the offices have become severely damaged and HP believes the damage has been caused by the polish. HP complains to ICS but the company denies responsibility on the basis of its exclusion clause.

Advise HP and ICS of their respective contractual liabilities for the quality of the furniture polish supplied in these situations. [25]

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